

FISCAL NOTE

SB 1837 - HB 1668

February 26, 2005

SUMMARY OF BILL: Levies a sales tax of seven percent (7%) on the gross sales price of any cosmetic surgery procedure or the injection of botulinum toxin.

ESTIMATED FISCAL IMPACT:

Increase State Revenues - \$14,000,000

Increase State Expenditures – Not Significant

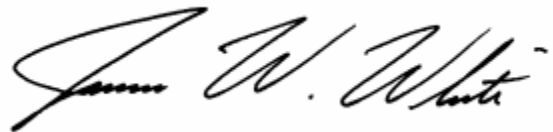
Increase Local Govt. Revenues - \$4,500,000

Assumptions:

- Currently, medical procedures are not subject to sales tax.
- Tax does not apply to reconstructive cosmetic surgery.
- Current law authorizes local governments to levy local option sales tax on the same privileges subject to the state sales tax.
- Estimated tax base is approximately \$200.0 million per year. (Derived from survey estimates of the American Society for Aesthetic Plastic Surgery, pertaining to New Jersey and Washington, states who have introduced similar legislation).
- Increase in state revenues is estimated at \$14.0 million (\$200.0 million base X 7% state tax rate = \$14.0 million).
- Enactment of this bill would increase state expenditures to register a new set of taxpayers. This increase is estimated to be not significant.
- Increase in local government revenues is estimated at \$4.5 million (\$200.0 million base X 2.25% local option tax rate = \$4.5 million).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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